MARKETWATCH

Meijer, Meyer Operate 24-Hours-a-Day

GRAND RAPIDS, Mich. — Meijer announced earlier this month that it will begin 24-hour-a-day operations sometime this spring at its 47 Midwest hypermarket-type superstores. An executive at the company, who asked to remain anonymous, told *DSN* that supermarket competition was the key factor in prompting the expansion of store hours from its present 18-hours-a-day to the new format. Meijer stores range up to 247,000 square feet and sell both general merchandise and groceries. In order to staff the stores for the increased hours of operation, Meijer is seeking to hire 200 more managerial employees. Each store now has 45 to 50 store managerial employees, ranging from line manager to store manager. Meijer is running a house ad in store circulars to recruit candidates for the available positions. In a related development, Fred Meyer, Portland, Ore., is also now operating, in select locations, the food portion of its combined general merchandise/grocery stores on a 24-hour-a-day basis.

Price Puts Pharmacy On Back Burner

SAN DIEGO — Price Club's reluctance to pursue its pharmacy service has been reaffirmed with the departure of director of pharmacy operations Chuck Augello. Although Augello had been with the company since last spring when Price Club opened its first pharmacy, the warehouse club leader has failed to further pursue this customer service. At Price Club's annual shareholders meeting, president Robert Price said: "We have not made up our minds at all on whether we should pursue the pharmacy business." Company attention has been turned instead to the 11 optical departments, and a planned lens crafting division. According to a company executive, Augello's position has not been filled.

LBO In the Air at J.P. Stevens

NEW YORK — A J.P. Stevens management group led by company chairman Whitney Stevens has announced its intention to attempt a leveraged buyout of the company. Under the proposal, an employee stock ownership plan (ESOP) would own a majority of shares in the company, one of the country's leading producers of home textiles. According to the company, the ESOP would merge with the existing company, and purchase a majority of the stock of the resulting merger. All non-union Stevens employees would be eligible to buy into the new corporation; participation by union employees would be subject to negotiation. Since management, if the buyout is successful, will remain virtually intact, observers expect little if any impact upon Stevens' marketing position. Service of present customers should not be affected. However, some analysts have suggested that management, who will be major stockholders if the deal goes through, may be getting the company at bargain-basement prices. That could lead to bids from outsiders and a possible battle for control.

Sears to Open NYC Home Fashions Unit

WAYNE, N.J. — Sears has announced plans to open an upscale home fashions store in midtown Manhattan in New York City. The store will be aimed at upscale apartment dwellers, and will be located in the Windsor Court apartment and retail development located between Lexington and Third Avenues at 31st Street. According to New York region general manager W. Stan Knipe, the store will feature a tightly focused selection of bed & bath, window covering and floor covering products in addition to lifestyle furniture and other related merchandise. The store, as yet unnamed, will open in late spring of this year.

Report Criticizes RPM Enforcement

WASHINGTON — Reagan administration officials have left the nation's discount chains vulnerable to anti-competitive resale price fixing conspiracies, the Senate Judiciary Committee charged this month. In a new report sharply critical of Justice Department enforcement policies during the past seven years, the Senate panel called for prompt Congressional enactment of legislation designed to protect retailers from termination for refusing to participate in resale price maintenance schemes. The bill, a top legislative priority at the International Mass Retail Association, would for the first time codify the long-standing legal principle that RPM is a per se or automatic violation of federal antitrust laws. Under this standard, victims of resale price fixing need only prove the existence of a resale price maintenance conspiracy in order to obtain relief from the courts.

FOR THE RECORD

SportMart, the 15-store chain of specialty sporting goods stores, is headquartered in Niles, Ill., not Niles, Mich., as was incorrectly reported in *DSN*'s Feb. 1 article on K mart's venture into sporting goods membership warehouse clubs.

Bradlees' Union Employees Applaud Efforts to Fend Off Dart Takeover

WASHINGTON — The union representing some 17,000 Bradlees full- and part-time employees has joined forces with Stop & Shop Companies management in opposing the attempted Dart Group takeover.

An ad hoc committee of the United Food and Commercial Workers was set to meet this month to consider strategies and options. Protecting the jobs of the 35,000 workers (including supermarket employees) in the Stop & Shop locals is the main goal, the union said in a release that demanded job protection guarantees.

The union's move followed the Stop & Shop board's rejection of Dart's latest offer of $37 a share, up from $31. The offer values the supermarket and discount store operator at better than $1 billion.

Corporate raiders often sell store units in order to pay down acquisition debt, said Susan Phillips, a spokeswoman for the union. And those spun-off stores often go non-union in the process, she said.

As an example, Phillips cited the Gemco discount stores that Lucky Stores sold in 1987 after it went private in the face of a corporate raid. The union lost 14,000 jobs at some 80 stores. Target reopened about 50 of the former Gemco units, but their employees are non-union, said Dave Barry, a Los Angles representative for UFCW. Union scale at Gemco was about $8 an hour, Barry said, or around twice that at Target.

The union is concerned that Bradlees also would go non-union if sold, either by a corporate raider or by the parent company in a restructuring move, Barry said.

Most discount store employees, with the notable exceptions of Caldor and Bradlees, are non-union, Phillips said.

So far, the union hasn't considered specific ways of aiding Stop & Shop management in fending off the raid of the Dart Group (headed by Herbert Haft and his son, Robert), Phillips said, but has offered, in principle, to work with the company.

William J. Olwell, UFCW executive vice president and director of collective bargaining, praised Stop & Shop's rejection of the Dart bid. "We believe that the continued operation of Stop & Shop as an independent company is in the best interest of the employees, the shareholders and management alike.

"We have strongly restated our demand that all alternative options Stop & Shop considers must include full protection for the employees and their union contracts," Olwell said in a release.

Since Dart put the company in play last month, Stop & Shop stock has shot to $36.88 a share from $20.25. Dart owns about 3 percent of the 27.9 million shares outstanding.

In hopes of fending off Dart, operator of Crown Books and Trak Auto stores, Stop & Shop is considering several options: selling the company, taking it private in a leveraged buyout or recapitalizing it.

Acceptance of 35mm Keys Market

New Products Await Photo Buyers

CHICAGO — With the photo industry coming off a fine year fueled by the success of a new generation of point and shoot cameras, buyers can expect a raft of new products when they assemble here for the 64th annual Photo Marketing Association Convention Feb. 28 through March 3.

Among them will be the first "disposable" camera with a built-in flash unit, a larger selection of dual-lens automatic 35mm cameras, computer-imaging color enlargers for minilab systems and various new films and accessory products.

However, the show may go on without much discount store involvement. Many buyers said they will be staying home, feeling that they saw enough at the Consumer Electronics show in Las Vegas last month and that they will be able to catch up on any new products from sales reps.

Most of those buyers are also responsible for at least some CE areas, so their reluctance to attend the show is understandable. Most of their key photo suppliers also attend the CE show and may have previewed the new products then.

Other discount store buyers, mostly photo specialists, do plan to attend the show. One, who asked to remain anonymous, said that he attends every year and finds the show important to him in gauging the photo market as a whole, as well as to see the whole range of new products available to his company.

Joe Tannenbaum, photo buyer for Worthington, Ohio-based Gold Circle, agreed with that point of view. "I use the show to gain an overall view of the market as it currently stands," he said. "I just got back from the Orient a month ago, but this is a necessary refresher."

That could be particularly important this year. Although the economy appears to be strong and consumers seem not to have been scared away from spending disposable income, that could change. If it does, photo could be one of the categories hurt most.

Tannenbaum said that, at least in the higher price points, the damage may have

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Discount Dept. Store Sales Surge 13.2% in November

Nationwide DSN Report

Retail sales at discount department stores surged 13.2 percent last November to $6.59 billion, according to U.S. Commerce Department figures released this month.

For 11 months, sales totaled an unadjusted $57.45 billion, making discount department stores the largest retailing category in the general merchandise group.

Receipts for the entire general merchandise group totaled $16.34 billion, unadjusted, in November, up 17.6 percent from October's $13.90 billion. Through November, retail sales in the general merchandise group totaled $138.42 billion, up 5.5 percent from the same 11-month period in 1986.

Preliminary year-end sales totals for 1987 will be available next month.

Total retail sales in November, including automobiles, were $125.2 billion, unadjusted, down 1.6 percent from October, but up nearly 3.2 percent from November 1986. Through the month of November, retail sales totaled $1.35 billion, up 3.8 percent for the 11-month period a year ago.

Retail sales, excluding autos, totaled an unadjusted $99.67 billion in November, up less than 1 percent from October, and up 2.6 percent from November 1986. Sales for 11 months of 1987, excluding autos, rose 4.2 percent to $996 billion.

General Merchandise Sales

The largest November sales gain in the general merchandise group was recorded by national chain department stores (such as Sears). The smallest gain, 3 percent, was recorded by variety stores, which posted $713 million in November sales and $7.29 billion for the year so far, a 2.4 percent gain over the same period in 1986.

Sales at national chain department stores surged 22.3 percent in November, to $3.65 billion over October's total of $2.99 billion. The 11-month sales total for these stores was $30.77 billion.

No annual sales comparisons can be made for discount department stores, conventional department stores or national chain department stores as 1987 was the first year the Commerce Department broke out these retailing formats from the general merchandise group. Seasonally adjusted numbers won't be available in the near future either, as it takes several seasons of recorded sales results to compute a seasonal adjustment factor.

November sales at conventional department stores rose 18.6 percent, to $4.77 billion. The 11-month total was $38.94 billion.

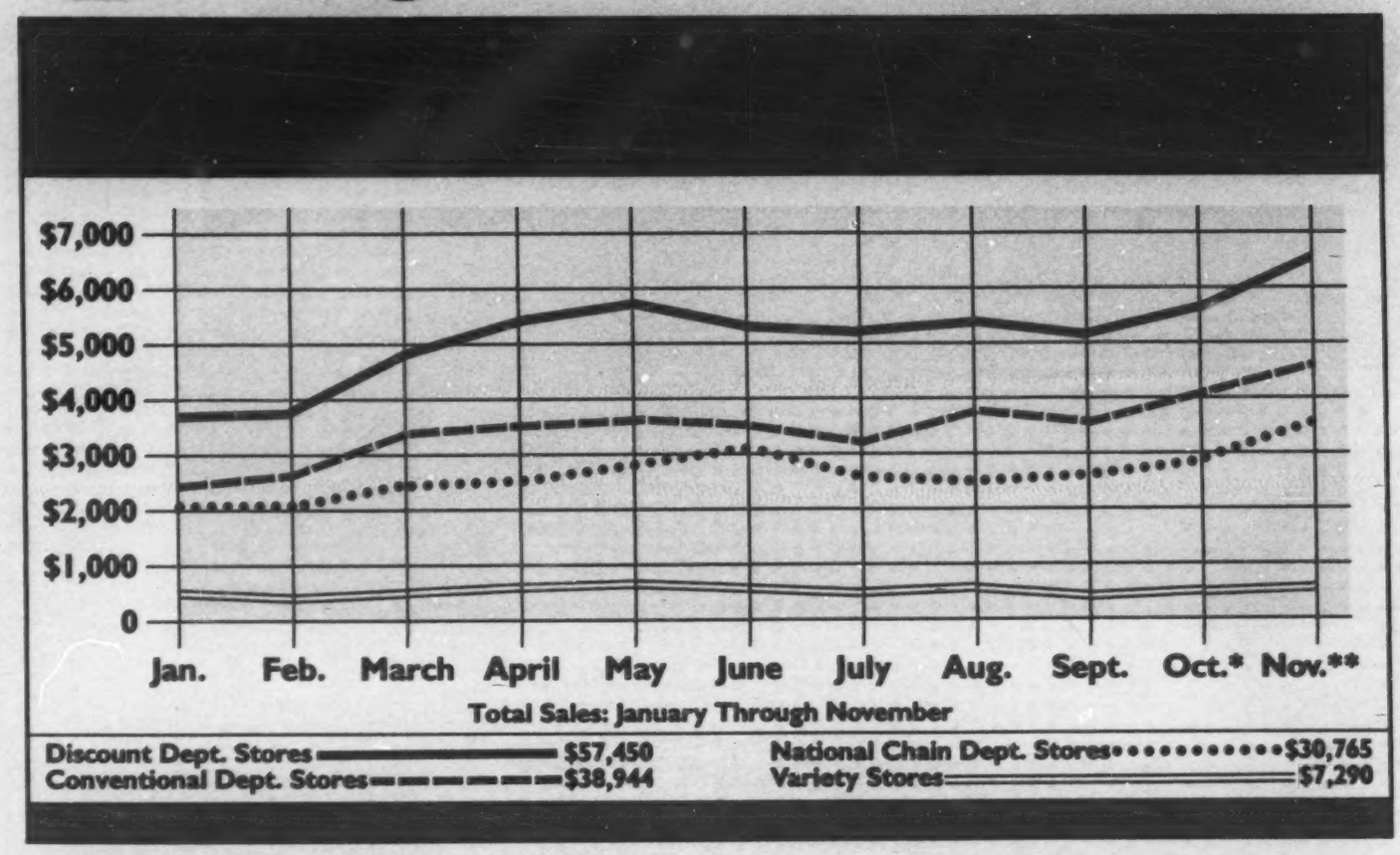
Miscellaneous general merchandise stores recorded sales in November of $1.6 billion compared to the previous month's $1.28 billion. The 11-month sales total was $12.97 billion, up 4.4 percent from 1986's $12.4 billion.

Sales at furniture and home furnishings stores were virtually unchanged from October results, at $3.75 billion, but were up by 4.4 percent for the 11-month period in 1986, to $39.25 billion.

At household appliance stores, November sales bettered October's receipts by 13.5 percent, a 7.6 percent increase over November 1986. And for 11 months, sales were 2.2 percent ahead of the corresponding period a year before.

Radio and TV stores recorded a November sales gain of 8 percent, but a 13.8 percent fall from November 1986. The 11-month category sales total, however, was up 2 percent from the same period in 1986.

At apparel and accessory stores, November sales hit $7.56 billion, up 4.2 percent from October, and even with receipts from November 1986. For 11 months, sales were $73.2 billion, a gain of 5.5 percent over the 1986 period.



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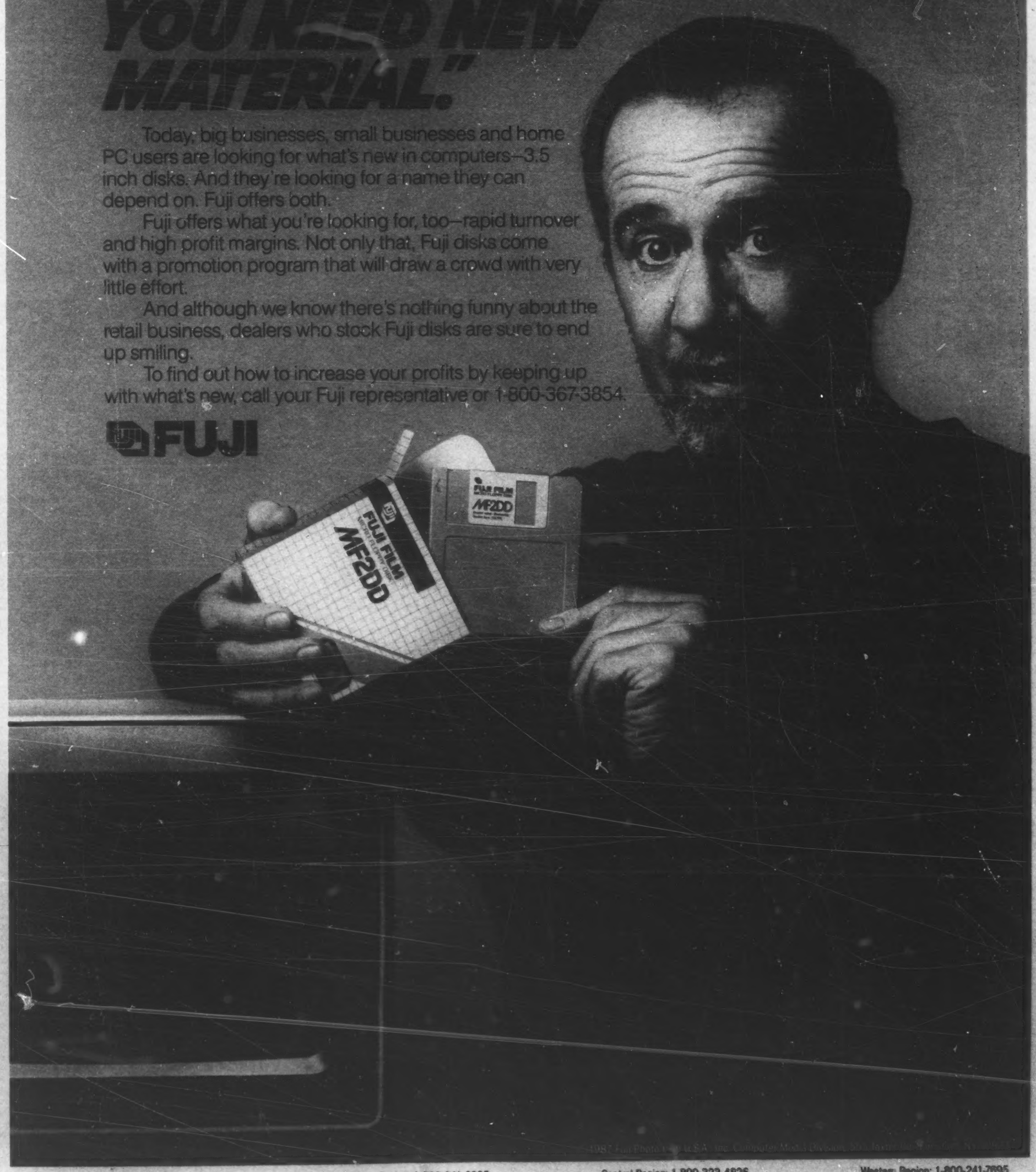

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Discounters Increase Boys' Fashion Due to Young Men's Style Influence

Nationwide DSN Report

American boys are becoming pint-sized fashion plates, and they're looking to what their older brothers are wearing for fashion direction.

In turn, discounters and off-price apparel chains have stepped up their fashion offerings as a percentage of the total boys' wear mix.

Based on the results of a new *DSN* study, it is clear that young men's styling, with its fashion-forward looks and brand label consciousness, is influencing retailers' boys' wear departments to the degree it influenced men's wear a couple of years ago.

According to the survey, which polled general merchandise managers, divisional merchandise managers and buyers of boys' wear at 16 upscale discounters and off-pricers, representing close to 2,000 individual stores nationwide, virtually all retailers feel that the influence of young men's fashions is important to their boys' department.

About seven of 10 respondents said that young men's styling was "very important" in its influence on boys' apparel merchandising. The remainder said that young men's looks were either "important" or "somewhat important"; none felt that the influence was unimportant.

One buyer may have defined the term "importance" as used by merchants when he said, "I think we've found that when fashion is right, we can command a higher retail price point."

Overall, larger chains have reacted more strongly to the influence, with nine of 10 labeling it "very important" vs. only about 40 percent of smaller chains (with less than 50 stores).

On the whole, larger chains seemed to be far more interested in fashion for boys than were smaller chains. For instance, when asked if any new brands had been added to their departments, about eight of 10 buyers for large chains said "yes," vs. about six of 10 smaller chain buyers.

Overall, about 70 percent of the retailers questioned had added new resources, the most popular of which were Bugle Boy, Santana, Pacific Coast Highways and Chams.

The contrast between larger and smaller chains was even more marked when the buyers were asked if they were incorporating the dress-up trend into their spring assortments. Less than one-third of small chain buyers are introducing the look vs. almost 80 percent of buyers at larger chains. At least in the matter of this one trend, smaller retailers appear to be less fashion forward than their larger counterparts.

Brand names, as in most fashion situations, are important to the overall fashion image. Very few buyers disputed that (those that did, presumably, have a vested interest in their substantial private label programs).

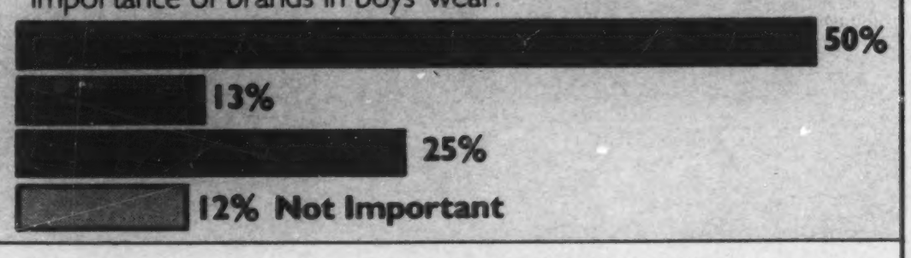
However, enthusiasm for brands was not as high as might be expected. Exactly one-half of all buyers responding called brand names "very important," while about one-quarter replied "somewhat

(Continued on page 18)

NEW YORK — This Jerard Less/*Discount Store News* survey is based on telephone interviews with men's and young men's wear divisional merchandise managers, general merchandise managers and buyers at 16 general merchandise discount and off-price apparel chains nationwide. The phone calls, placed during the month of January, were preceded by letters and written questionnaires. Respondents were promised complete anonymity. This report was supervised by *DSN* senior editor Kenneth M. Chanko and written by *DSN* associate editor Peter Hisey.

The Importance of Boys' Wear Brands

The varying availability of brands to different merchants influences the degree of importance those retailers place on brands. Still, nearly one-half of respondents described boys' wear brands as 'very important.' Brands most frequently cited were Lee, Bugle Boy, Levi, Ocean Pacific, McGregor, Shah Safari, Rustler and Health-Tex.



Study based on telephone interviews with divisional merchandise managers and buyers of 16 discount department store, mass merchandiser and regional apparel chains nationwide.

Source: Jerard Less Inc. for DSN, January 1988

Discounters Plan to Add Fashion, Floor Space in Boys' Wear

Nationwide DSN Report

Boys' wear is booming at many discounters and off-pricers, with buyers planning for substantially more open-to-buy for fall 1988 than last year, according to an exclusive study commissioned by *DSN*.

The study, conducted by Jerard Less Inc., a New York-based retail apparel consultant, also revealed that many chains have expanded their square footage for boys' wear over the past 12 months, and most intend to increase their commitment to fashion even further.

When asked whether fall 1988 open-to-buy has increased, stayed the same or decreased, all but one respondent indicated more boys' wear will be bought this year than last year.

Interestingly, smaller chains (50 units or less) were of two minds: 50 percent planned to increase their open-to-buys while 33 percent planned to reduce them. Only 17 percent said that they would maintain last year's level. At larger chains, roughly one-quarter planned to reduce expenditures while the remainder were evenly split between maintaining and increasing their open-to-buys.

There was a consensus among the respondents on the overall direction of the boys' category—over 90 percent of retailers overall said they planned to increase their open-to-buys in boys' wear. Smaller chains were unanimous in their support for the category; larger chains were only marginally less so.

"We need to gear up in bigger boys' with young men's styling," a buyer for a smaller chain said. "That's what customers want: casual, not too sophisticated, at affordable price points."

However, only one-quarter also planned to increase the amount of space dedicated to boys' wear. About three-quarters of respondents said they planned no change in the upcoming year in square footage; about one-quarter said that they had made changes in the past year, adding an average of 15 percent to the space allocated to boys' apparel. More smaller stores bulked up their departments than did larger chains, by almost 2 to 1.

Retailers' Fall Buying Plans

Nearly all retailers are buying more boys' wear.

For fall of '88, overall open-to-buy in boys' wear will be:

Study based on telephone interviews with divisional merchandise managers and buyers of 16 discount department stores, mass merchandisers and regional apparel chains nationwide.

Source: Jerard Less Inc. for DSN, January 1988

However, a clear majority of buyers wished they could add more footage. Asked if they felt an increase in square footage was needed, about 70 percent of small chain buyers and a little over half of large chain buyers said "yes."

In lieu of added space, most buyers seemed intent on at least upgrading their departments. "Merchandise just hanging on racks doesn't look appealing," a buyer said. "That's why we're upgrading visually with posterboards and showing more coordinating on mannequins."

A little over seven of 10 buyers said they planned to upgrade fixtures in the department, while a slightly lesser percentage said they planned to upgrade visual merchandising. Large chains were more likely to favor new fixtures; smaller chains were slightly more likely to favor visual merchandising aids.

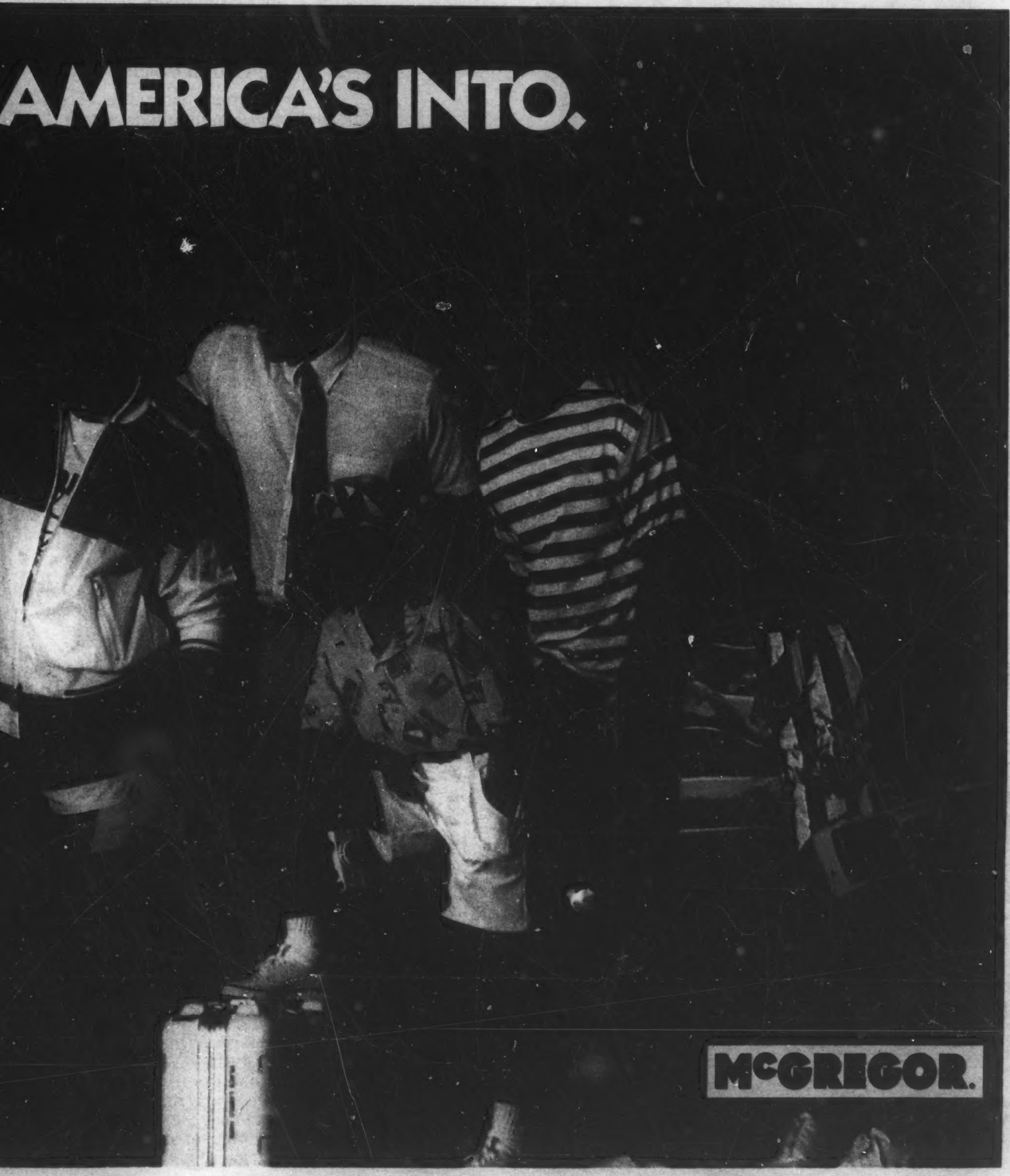
"We are enabling ourselves to do more classification by four-ways and tri-arcs [fixturing]," one buyer for a large chain noted. "We are 'concept-selling' much more and sales are great."

A clear majority—about eight of 10 buyers—reported that they had broadened their product mix in boys' wear over the past year, while a lesser majority (about 55 percent) planned to enlarge their merchandise assortment this year. Smaller chains were slightly more likely to have broadened assortments in 1987 and/or to be expanding them in the upcoming year.

Areas being expanded include outerwear, yarn-dyed flannels and novelty T-shirts and "more merchandise influenced by young men's." Clearly, buyers feel that increased fashion orientation has beefed up the boys' apparel market and will continue to do so.

All retailers seemed to be equally concerned with fashion. A little less than three-quarters of all buyers divided their open-to-buy into fashion and basics, with larger chains slightly more likely to do so.

Large or small, the fashion/basics ratio was constant, with slightly over 50 percent allocated to fashion. That percentage was up roughly 20 percent over last year among all retailers, although larger chains had increased a bit more than smaller chains.



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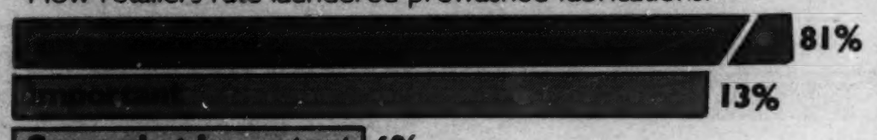
Young Men's Looks Impact Boys' Wear

The influence of laundered prewashed fabrications in apparel continues to be very important in boys' wear.

How retailers rate laundered prewashed fabrications:



Study based on telephone interviews with divisional merchandise managers and buyers of 16 discount department store, mass merchandiser and regional apparel chains nationwide.

Source: Jerard Less Inc. for DSN, January 1988

Young Men's Influences Boys' Wear

(Continued from page 16)

important." The other one-quarter of respondents were equally divided between those who felt brands were "important" and those who didn't think they were important.

Larger stores, which could be expected to concentrate more on private label, were a bit more brand conscious than smaller stores. However, they were also more likely to be lukewarm on national brands. Overall, nearly three-quarters of small chain buyers rated brands as either very important or important, compared to less than 60 percent of larger chains.

A large part of the problem is, of course, that many manufacturers won't sell to the discount market. "Health-Tex is most wanted," a buyer noted. "However, we are having trouble getting it. We can only get closeouts."

Brands mentioned most often as important included Lee, Levi, McGregor and two fashion-forward manufacturers—Bugle Boy and Ocean Pacific. Shah Safari, Rustler and Health-Tex also received mentions from buyers.

Far more large chain buyers reported customer requests for specific brands. While a little under 60 percent of the smaller stores' buyers said that customers were asking for specific brands, fully three-quarters of larger stores reported the same behavior. Overall, two-thirds of buyers reported customer requests for brands.

Brands most requested included Ocean Pacific and Lee (tied for No. 1), as well as Bugle Boy, Levi, Wrangler and Health-Tex.

Fashion Turnaround

What has prompted this widespread fashion turnaround in what was previously a very basic market?

"I feel the turning point in boys' was in 1984, with the Michael Jackson hype," one buyer replied. "[That proved that] anything new and different sells."

"Big boys' has to have that young men's look now," another said, adding that "cutesie" looks for boys don't make it any more, except occasionally in certain areas, like T-shirts and sweats.

Cotton Goods Sales

Cotton goods have become increasingly important to the domestic textile market as a whole, and boys' apparel is no exception. Because of the booming sales of jeans, about half of all bottoms sold at the stores contacted were made of 100 percent cotton. Another 35 percent of bottoms consisted of chief value (at least 50 percent) cotton.

About a third of tops were 100 percent cotton while nearly half overall were made of chief value cotton.

Cotton pants appeared to be far more important to small chains than to larger stores (about 60 percent of the mix vs. 40 percent), while chief value bottoms were slightly more popular at large chains.

Pure cotton was of less importance in the tops market, but once again, smaller chains carried more. Larger chains relied far more heavily on chief value cotton tops (over one-half of their tops vs. less than one-third at smaller chains).

The laundered/prewashed look was rated as very important by about four out of five buyers polled, with the remainder calling it "important" or "somewhat important." Smaller chains, which favored cotton heavily, were a little more enthusiastic about laundered products than larger chains. Overall, the look seems to be hotter than ever.

Not so the baggy look. Buyers' responses were contradictory concerning their open-to-buys for oversized, full-cut apparel. While about four of 10 said they were increasing those open-to-buys for the fall, nearly one-third reported that they were decreasing the amount set aside for oversized garments.

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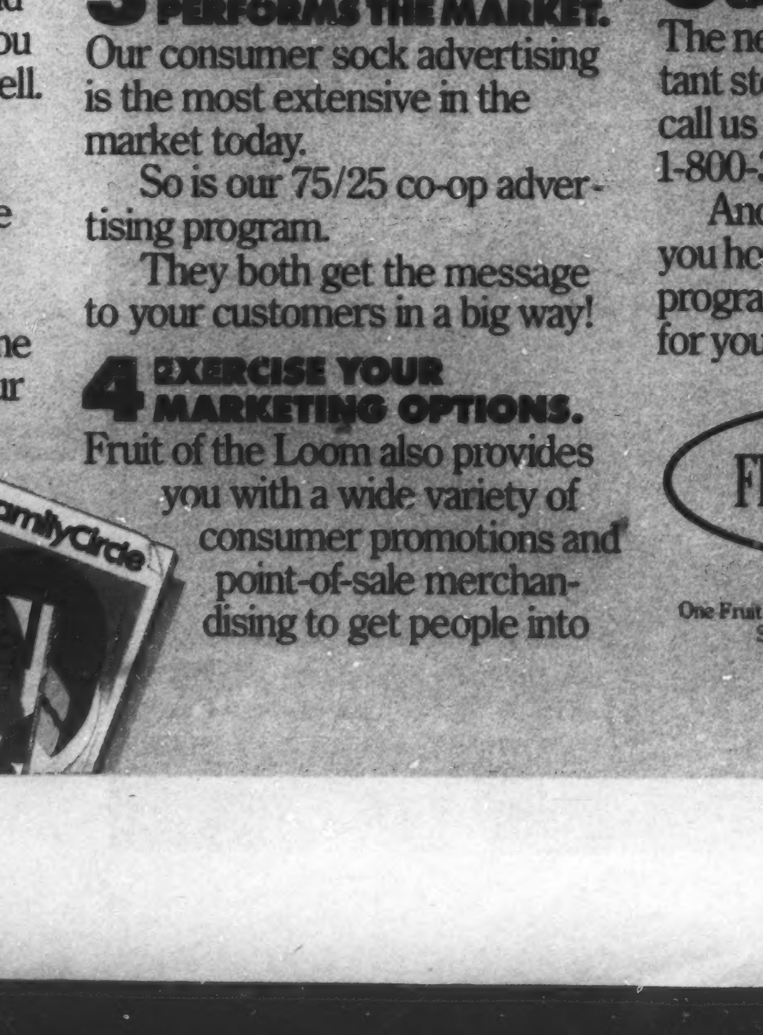

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ALCO Tests Mini-Hypermarkets, Debuts Low-Cost Formats

(Continued from page 1)

Unlike the huge 200,000-square-foot-plus hypermarkets operated in the United States by Wal-Mart and several European retailers, ALCO intends to work within a much smaller store size that can be comfortably browsed by its small town shopper during a single store visit. The largest ALCO stores are about 50,000 square feet.

While the company's 21 Duckwall variety stores are not involved in the testing, the majority of ALCO's 128 general merchandise discount stores within its 13-state, central U.S. trading area are likely to be affected by the current prototypes.

Regardless of how the store format changes, the chain's primary focus will be to cut costs. "Cost containment is Wal-Mart's strength and it has to be our strength if we are to compete," Soelter said.

Cost reduction experiments are being conducted at the three prototype stores currently in operation:

- The single C.O.L.A. prototype features general merchandise and food with everyday low pricing;
- Another prototype, now in operation at 14 ALCO stores, also sells general merchandise and food but utilizes a promotional pricing philosophy;
- The third prototype is a downsized version of an ALCO discount store aimed at small markets. Three such stores are currently open.

The C.O.L.A. prototype was opened three months ago in Mineral Wells, Texas, a town 70 miles west of Dallas. The everyday low-price policy has cut advertising costs by one-third, according to Leonard Johnsen, vice president of operations, by eliminating the cost of 36 circulars annually. Circulars were replaced with limited ROP newspaper and radio advertising.

The store is also experimenting with the cost-saving capability of scanners and shelf-edge pricing. The company is likely to go chainwide with scanners this year, a $10 million to $12 million investment, Soelter said.

The use of cut-case and pallet displays in the grocery area are expected to further reduce in-store labor costs.

In addition to making the obvious store changes needed to convert a unit from ALCO to C.O.L.A., such as the addition of groceries and the everyday low-price policy, the company has also altered general merchandise adjacencies and displays.

Mirroring a typical Wal-Mart store, the C.O.L.A. unit has raised gondola heights to as high as 9 feet from the standard 66-inch fixture and makes use of wall space to enhance the mass display impact. Endcaps were removed from the back of gondola runs because they were found to be an inefficient use of space.

New back-feed merchandise replenishment systems were installed for the furniture, bicycle and motor oil categories. Horizontal rollers feed merchandise directly from the stockroom to the shelves to facilitate restocking bulky or high-volume items.

Security monitors were installed at the C.O.L.A. store and 40 other ALCO locations as yet another approach to lower costs. The monitors should improve even last year's shrinkage rate. Soelter said preliminary figures indicate that 1987 marks the first time in company history that the chain recorded less than a 2 percent shrinkage rate.

"If the C.O.L.A. concept is more productive than the ALCO concept, then we will certainly go ahead with it," Soelter said.

The similar food/general merchandise prototype that employs a promotional pricing structure has been installed at 14 ALCO locations, scattered in Texas, Colorado, Illinois, Kansas and Arkansas. These units continue to operate under the ALCO name.

Downsized ALCO test stores—17,000 square feet of selling space within a 22,000-square-foot facility—have been opened in Burlington, Colo., Medicine Lodge, Kan., and Gordon, Neb. The company hopes that towns such as these will be too small to attract competing retailers.

The seven ALCO stores to be opened during 1988 will all be downsized, Soelter said, adding that it is possible yet another prototype store might be needed to test the performance of food within the smaller ALCO units.

Future development of the C.O.L.A. prototype will be announced as sales and earnings results at the Mineral Wells store become available, probably by the end of the first quarter. Preliminary reports suggest overall performance has significantly improved since the reformatting.

The Mineral Wells location was selected for the test because it was considered to be the toughest proving ground in ALCO's territory. The C.O.L.A. store is a conversion of one of ALCO's smaller stores and is side-by-side with a Wal-Mart unit, the chain's toughest competitor.

Regardless of the success of the grocery department, there are limitations to the number of locations that ALCO can incorporate food into its merchandise mix. Intense local competition or lease agreements will dictate just how far ALCO can go with food.

Big and Tall Lures Discounters

(Continued from page 3)

shipping dates on merchandise already ordered, BATMAN saw a lot of orders being written.

Ames, with a half dozen executives at the show, is one of the few full-line discounters that got into this business seriously three years ago.

Chuck Rilling, vice president, gmm of men's and boys' wear, said that Ames began segregating big-sized men's wear two years ago.

Now, said Philip Marshall, Ames' dmm, men's, there's a big men's department in every one of the chain's 342 units.

Rilling said that Ames is now looking at getting into the slightly more difficult tall men's business.

Ames has also recently moved a buyer, Richard Bradley, into buying big men's—now the principal category for which he's responsible.

"We expect to see a 20 percent to 25 percent yearly sales growth in this business over the next couple of years," said Rilling.

Ames' mix in the segment is 60 percent private label, 40 percent branded. The aim is to "bring more casual looks into the mix," Rilling said.

Al Cohen, bottoms and outerwear buyer for Jamesway, said he was at the show looking for immediate delivery on some shorts and pants going forward into fall. Active sportswear from such names as Slazenger and Dunlap were on his buying list.

Jamesway has recently broken out big sizes, but like Ames and several other full-line discounters, Jamesway hasn't yet tackled the tall part of this business yet.

Solo Serve, the San Antonio, Texas, off-pricer that will be opening its 17th unit in April, is getting into the big and tall men's business for the first time for fall 1988, said Barry Levine, men's buyer.

This year was the first time Solo attended BATMAN, and Levine said the chain is getting into this business for "the same reason everyone else is—it means added business."

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Gateway Changes Merchandise Mix

(Continued from page 3)

with the brand and still found the price prohibitive.

Additionally, Murry said the store discovered that juniors' apparel did not sell well, so Gateway has switched to more misses merchandise. Likewise, men's apparel was not selling, because many of the younger men in the area are unemployed while the older men just don't buy many clothes for themselves, Murry said. So the store is starting to stock some work apparel in hopes that this will sell better.

One category that has fared well has been apparel basics—such as socks, underwear and hosiery—but even with this category, he said the store has had to switch to the proper sizes and colors for the area's ethnic population.

Gateway also chose not to open a planned pharmacy and optical center, opting to use the space to sell ready-to-eat foods and fresh tortillas.

Keeping in mind the $16,000 average annual income base of the neighborhood has become a crucial factor for Gateway.

Not only are product requirements unique, but so are the shopping habits. Murry said he has found perishables are bought on almost a daily basis—since many people in the neighborhood live from hand-to-mouth. Consumer staples are typically bought on the first and fifteenth of each month, with greater business conducted on the later date.

The unique character of the neighborhood has also forced Gateway to deal with advertising and store recognition problems that many other discounters don't face.

For example, said Murry, few area residents read the newspaper everyday, so Gateway has had to turn to alternative forms of marketing.

Since Gateway is non-profit, the store has been able to take advantage of public service announcements and has received much coverage in the local media. Also, the company utilizes door-to-door fliers to advertise its existence.

To better understand the community, Murry has set up weekly Friday afternoon lunches with groups of community members, while also holding monthly meetings with area leaders. "We're trying to mold Gateway and turn it into what the community wants," explained Murry.

This responsiveness to the community is a driving force behind Gateway, which was financed by Sol Price and his son, Robert, along with a grant from the city of San Diego. The store is associated with the San Diego School of Retailing, which opened its doors just before Gateway debuted last fall. Each year, 30 area students work in the store and gain varying levels of experience in retailing.

The two entities, housed in the same building, have provided the depressed area with a community center. The complex already has served as a site for community art fairs and other events.

Better Quality Drives BTS Sales

(Continued from page 3)

lisher, *Drug Store News*, the panel included Ted Wyman, dmm, Hills Department Stores; Dave Hawmaker, stationery buyer, McCrory's; Tony Fanticola, vp, general merchandise, Vons; Frank Shanower, vp, merchandise, Drug Emporium; and Cynthia Stahley, stationery buyer, Genovese Drugs.

Panel members reported that BTS/stationery products, including home office, now perform well year round, a change from a few years ago when the core of the business was around September. Much of the change is associated with fashion-oriented merchandise and new products.

"Color plays a big part [in the growth of the business]. But as much as color has created a stir, new products are stimulating business, too," said Wyman of Hills.

New products, noted Hawmaker, are the "lifeblood" of the industry. "Let's get some more new products."

A nearly $6 billion industry for discount and drug store retailers, back-to-school/stationery is growing by about 15 percent to 20 percent per year, consistently outperforming many other categories in both kinds of retail operations, Forbes noted.

In addition to the impact that color and design are having on the category, much of the sales growth that retailers are charting is attributed to the home office area.

This segment, like traditional back-to-school merchandise, is driven by women, many of whom are responsible for organizing important papers, bills and receipts at home and who want quality, color-coordinated office products and accessories to outfit her home office.

What's important about this customer is that she is just as open to peer pressure as her children, said Wyman of Hills.

"You've got to look sharp for the peer group you're in," he commented.

Color is important for a number of reasons, said Stahley of Genovese Drugs. "It drives promotional business and makes an old item look different," she said.

Despite the heavy influence of color and design, panel members reported that their core business remains basic stationery items like paper, pencils and pens.

At McCrory's, where home office/stationery occupies 9 percent of a store's total square footage and contributes 9.5 percent of total sales volume, the best performing products remain seasonal items, basic stationery items like multipack pens, blister-carded thumb tacks and paper clips.

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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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Macy Snatches Federated From Campeau Clutches

By Mary Ellen Kelly

WORTHINGTON, Ohio — Gold Circle employees at headquarters here are resigned to the fact that the 21-year-old discounter will soon have new ownership and are focusing on near-term goals like spring business rather than long-range planning.

R.H. Macy's surprise bid early this month to merge with Gold Circle parent Federated Department Stores temporarily stymied the unfriendly takeover efforts of Toronto-based Campeau Corp., which launched its attack on the Cincinnati-based retailer in early January.

Macy chairman Edward Finkelstein, who offered $74.50 per share for 80 percent of Federated stock, is interested solely in the Federated's department store divi-

(Continued on page 81)

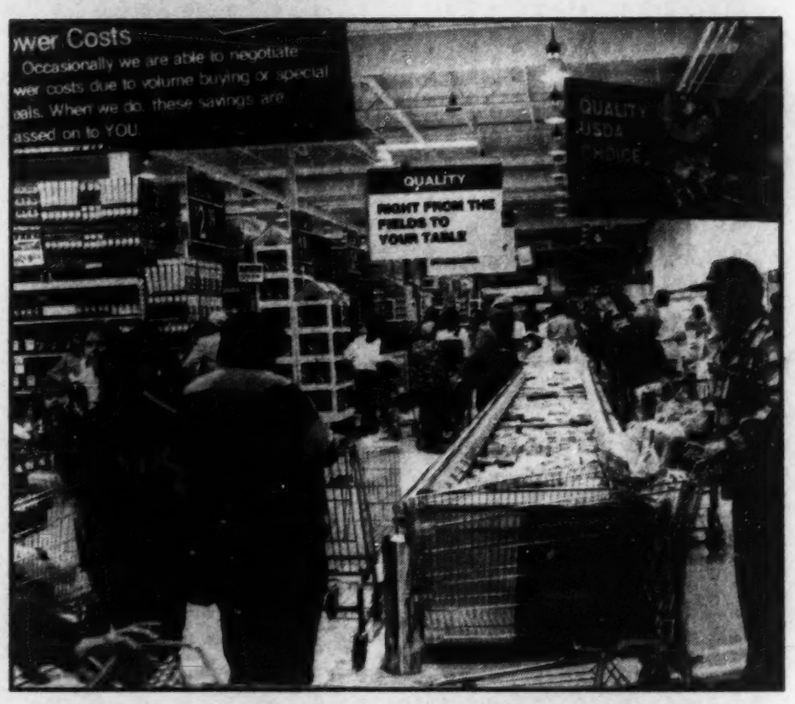
Wal-Mart's SuperCenter Key To Growth in Smaller Markets

By Arthur Markowitz

WASHINGTON, Mo. — Wal-Mart unveiled a 126,000-square-foot Wal-Mart SuperCenter here, its latest experimental general merchandise and supermarket hybrid that is expected to gross over $25 million in sales.

The SuperCenter, which replaced a smaller traditional Wal-Mart, combines a standard discount store mix with an augmented warehouse supermarket (or boxed food store) behind a 24-lane central checkout.

Wal-Mart executives said the unit in this St. Louis suburb and two others due to open this fall in Farmington, Mo., and Wagoner, Okla., are retailing tests—just like the discounter's Hypermart USA operation—designed to probe new marketing directions for the nation's third largest merchant.



Wal-Mart's new SuperCenter combines a standard discount store with a warehouse supermarket. (DSN photo)

Wal-Mart will use the three SuperCenters to "establish sales and operational parameters" before deciding on opening more such stores, president and chief executive officer David D. Glass said.

The discount store accounts for about 60 percent of the footage and the supermarket the remainder. Sales are expected to reflect that mix, with general merchandise producing about 60 percent of the volume.

Wal-Mart's key innovation in launching the SuperCenter was implementing the low margin merchandising and operational synergism between a discount store and an expanded warehouse supermarket. In doing so, it incorporated low-cost operational techniques like warehouse fixtures and case displays found in its Sam's Wholesale Club membership warehouse business and Hypermart USA stores.

Gross margins of the SuperCenter's general merchandise will be the same as that for Wal-Mart stores, while the food gross margins will

(Continued on page 81)

Rejects Mystery Buyout Offer

All American SportsClub Files for Chap. 11 Protection

LOS ANGELES — Spurning a buyout offer as too low, All American SportsClub chairman Robert McNulty has filed for Chapter 11 bankruptcy protection.

Builders Square chairman Frank Denny confirmed that his company, a K mart subsidiary, had taken a "quick look" at buying SportsClub but made no offer.

Builders Square is gearing up to launch its own chain of sporting goods membership warehouses, to be called Sports Club of America (see *DSN*, Feb. 1, page 1).

If McNulty's All American SportsClub is taken over, "neither K mart nor Builders Square will be involved," Denny said.

(Continued on page 81)

Enters Membership Club Retailing

K mart Closes Makro Deal

TROY, Mich. — K mart announced March 5 that it purchased a 51 percent interest in Makro, the four-store membership warehouse club, for an undisclosed price.

The nation's No. 1 discounter plans to rapidly expand the European-style warehouse club to about 20 units by 1990, including several new markets in the Northeast and upper Midwest, said Joseph Antonini, K mart chairman, president and chief executive.

Antonini, who acknowledged that K mart "has been talking about getting into a warehouse club venture for the last two years," told reporters at a press conference here at headquarters that the Makro deal will have no affect on K mart's previously announced plans to develop a hypermarket concept.

The announcement was hardly unexpected. *DSN* reported in its Feb. 15 issue that K mart was involved in negotiations to acquire an interest in Makro.

K mart and Makro, which was previously the U.S. subsidiary of SHV Holdings, N.V., will operate as a joint venture headed by Joseph Nusim, president of Makro, and John Shaw, executive vice president, administration for K mart. SHV, which operates directly or in partnership 78 wholesale club type stores in 10 countries in Europe, the United States and South America, will retain a 49 percent interest in Makro.

The acquisition of Makro will enable K mart to hit the ground running in the competitive warehouse club industry. The chain's expertise in food retailing particularly attracted the discounter's attention.

Nusim said food accounts for 10,000 of Makro's 25,000 sku's and half the average unit's $75 million in sales. Other features are: size, 150,000 square feet to 200,000 square feet compared to the industry average of 100,000 square feet; credit card sales, totaling 20 percent of volume; no membership fee; and no group members.

Makro, which opened in Washington, D.C., in 1981, also has stores in Philadelphia, Atlanta and Cincinnati and will open two units in Cleveland and one in Baltimore this year. Next year, the chain will add units in Hartford, Conn., and Cherry Hill, N.J.

Bobbie Brooks Apparel Revived by Wal-Mart

By Kenneth M. Chanko

BENTONVILLE, Ark. — Wal-Mart has added an exclusive fashion apparel brand name, Bobbie Brooks, to its women's wear mix, a key merchandising move in the giant discounter's efforts to upgrade its apparel segment.

The acquisition and merchandising of the Bobbie Brooks brand at the nation's No. 2 discounter is a significant upscaling step. A Wal-Mart source, who did not want to be identified, told *DSN* that the line of sportswear separates, which are now in all the chain's units, carries price points "at the upper end" of Wal-Mart's apparel price structure.

Up until recently, Wal-Mart has taken a basics approach to its apparel departments, with a more price-oriented strategy, featuring less fashion merchandise compared to either K mart or Target, the country's Nos. 1 and 3 discounters, respectively.

On the acquisition of the Brooks name, the Wal-Mart source said, "It's our philosophy that branded products have a connotation of quality and carry with them credibility in the eyes of the customer. We've been adding a lot of brands—and we'll be adding more." The source would not elaborate on the statement. He called the Brooks deal "pretty exciting."

Analysts and other industry observers said that acquiring an exclusive, recognizable brand name was a necessary step for Wal-Mart if it doesn't want to see the apparel merchandise gap widen between K mart and itself.

However, the Wal-Mart

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MARKETWATCH

ShopKo Snares $152M from Parent

MINNEAPOLIS — ShopKo will receive a larger share of its parent's capital expenditures this year. The Green Bay, Wis., discounter will snare $152.2 million of the record $377.5 million capital budget unveiled this month by its parent Super Valu Stores. That figure is about 66 percent more than the $91.7 million spent on its discount division last year and represents a leap from 24 percent of the total capital budget last year to 40.3 percent of this year's budget. Total planned expenditures by Super Valu for the fiscal year which began Feb. 28 represent only a slight rise from the previous year's budget of $376 million. Super Valu, which is a partner in Biggs, the Cincinnati hypermarket, also said that $170.1 million or 45.1 percent of the budget will be allocated to its wholesale food operations, and $45.3 million or 12 percent would go to development and remodeling of company-owned retail food stores.

Glosser Bros. Opens 2nd Gee Bee in Va.

JOHNSTOWN, Pa. — Glosser Brothers, operator of Gee Bee discount department stores and Dollar Bargain Outlets, opened a 65,000-square-foot Gee Bee unit in Harrisonburg, Va., on March 1, the second store in Virginia and the 22nd for the chain. The other Virginia Gee Bee store opened last September in Manassas. Glosser Brothers also announced that this spring it will open a second store in York, Pa., the second in that market. By yearend, two additional Gee Bee stores are possible, said Joe Kelly, vice president, ad and sales promotion director.

Sears Reorganizes for More Competition

CHICAGO — Sears General Merchandise Group announced March 2 that it will restructure its headquarters merchandising organization to make it more competitive. The reorganization will take three years, streamline the operation to fewer management levels, and make the operation more independent and accountable by business segment. The exact number of people affected by the reorganization is unknown, Sears said.

Wal-Mart Denies Buying Zayre Stock

NEW YORK — Despite market rumors, Wal-Mart and the Dart Group have denied buying Zayre Corp. stock recently. It was reported that a source close to Edward J. DeBartolo, the San Francisco real estate developer, said the two companies, along with Bass Brothers and Leslie Wexner of The Limited, were buying up Zayre stock. DeBartolo continues to buy Zayre stock, but has no immediate plans to increase his stake beyond 5 percent, according to the source. DeBartolo and Wexner haven't discussed a joint effort to acquire Zayre, as has been rumored, the source added. Citing losses in its discount store division, fourth quarter profits at Zayre fell to $1.8 million, or 3 cents a share, from $43.8 million, or 73 cents a share, a year earlier. For the fiscal year, ended Jan. 30, Zayre profits rose 61 percent to $143.3 million from $89 million.

Pic 'N' Save Chairman Retires

LOS ANGELES — Arthur Frankel, chairman of Pic 'N' Save Corp. and 32-year company veteran, has retired from his post at the 125-unit Southwest closeout chain. He will provide consulting services to the company through 1993. Pic 'N' Save said it has agreed to buy back Frankel's 890,000 shares of stock at $17 per share, or $15.13 million. Over the years Frankel has held senior executive positions, and was elected chairman in 1986. He was president and chief executive officer from 1970 to 1986.

Hills Accepts DISC Award

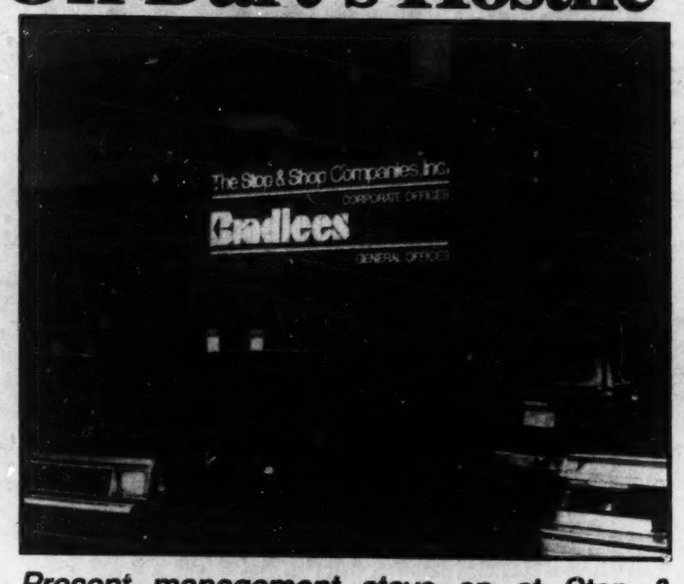
DSN editor Tony Lisanti presenting the 1987 DISC Award to Stephen A. Goldberger, chairman, president and chief executive officer of Hills Department Stores, for the retailer's support of community service activities. (DSN photo)

Stop & Shop Agrees to Cash Buyout To Fend Off Dart's Hostile Takeover

BOSTON — In a move to fend off a hostile raid from the Dart Group, Stop & Shop Companies—parent of the Bradlees discount chain—agreed to be bought out for $44 a share in cash.

But no word is forthcoming about the future of Bradlees.

The White Knight is a new investor holding company organized by Kohlberg Kravis Roberts & Co., a leading leveraged buyout concern in New York City.



Present management stays on at Stop & Shop's headquarters under a $1.23 billion LBO that fends off a raid by the Dart Group. (DSN photo)

Subject to stockholder approval, the buyout appears to mark the end of yet another Dart Group attempt to gain control of a major retailer. Previous attempts include passes at Safeway, Supermarkets General and, last year, Dayton Hudson.

In LBOs, acquirers often sell units of chains in order to pay down acquisition debt.

A spokesman for KKR declined comment about what will happen to Bradlees. "KKR is very close mouthed," he said.

KKR made no representations to Stop & Shop management about what will happen to Bradlees, a spokeswoman said. But the takeover definitely is friendly, she said. Present management remains in place, including Avram J. Goldberg, chairman and chief executive officer, and his wife, Carol, president, and senior management will be permitted to invest in the new holding company KKR is forming to acquire Stop & Shop.

Just before Dart put the supermarket and discount store chain in play Jan. 11, Stop & Shop closed at $20.75. Dart successively bid $30 a share, then $31 and finally $37.

The $44 offer from KKR thus represents an increase of 112 percent in less than two months.

Dart declined to increase its bid to match or beat KKR's $44. Its only response was to extend the deadline for accepting its $37 per share bid.

(Continued on page 82)

Heck's Chairman Isaacs Resigns

Maloney's Division Files for Chap. 11

NITRO, W.Va. — Heck's chairman and board member Russell L. Isaacs resigned this month, one day after Heck's Maloney's stores subsidiary filed for bankruptcy protection from creditors.

The troubled regional discount chain also announced that it received another 90-day extension for filing plans to emerge from its own Chapter 11 bankruptcy.

John Isaac, president and chief operating officer, has assumed the duties of chairman.

Heck's 90-day extension in which to develop a reorganization plan for emerging from Chapter 11 bankruptcy came over the vigorous objections of some creditors.

The court victory came just hours after Heck's announced that its losses had worsened to $61.3 million for the fiscal year ended Jan. 2, 1988, from $18.3 million the previous year.

In the other development, Heck's Maloney Enterprises subsidiary also filed for Chapter 11 protection from creditors. Heck's said the Maloney filing became necessary because Heck's was legally unable to fund Maloney's operations and its subsidiary was unable to get its own funding.

The extension gives Heck's management additional time in which to analyze its new business plan and develop alternatives, said Maarten D. Hemsley, Heck's new chief financial officer.

Heck's now has until June 1 to lay its reorganization plan on the table, said Hemsley, who was cfo at S.E. Nichols, New York, before joining Heck's. Creditors then will have 60 days in which to comment on the plan, he said.

Come June 1, "it will become very difficult for Heck's to get another extension,"

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Ames Reveals 10 Arrests, More Anti-Shrink Efforts

SECAUCUS, N.J. — Ames Department Stores revealed this month it fired and brought charges in Municipal Court last October against 10 employees of its Secaucus distribution center on minor theft charges.

But its investigation into its $18 million to $20 million shortage that appeared after its December 1986 inventory uncovered no major theft ring operating out of its distribution center here, said Steve Yaeger, vice president of loss prevention.

In another effort to get a handle on shrinkage, Ames is going to start giving "honesty tests" to potential employees of 18 or more stores now under construction.

"We found a lot of people stealing a lot of things and charged those that we could," Yaeger said, but the chain found no big theft conspiracy at its Secaucus distribution center.

Of the 10 charged, two have pleaded guilty, while eight cases remain pending, said Steve Milner, director, distribution loss prevention.

Those charged were accused of stealing easily pilferable items, such as cigarette lighters, Milner said. In each case, the dollar value stolen never exceeded $200, he said.

"It wasn't a mass conspiracy," he said.

Ames has implemented many policies and procedures at its DC here, Milner said, such as making employees wear identification badges and have proper authorization for entry to various areas. In addition, Ames has installed a camera system that covers every part of its distribution center, he said.

(Continued on page 82)

Brick Church Invades N.Y. Via Lease Agreement with TSS

Brick Church (inset), the 22-unit CE specialty chain, will operate 2,000-square-foot leased electronics departments in TSS-Seedman's 12 New York metropolitan area discount stores. (DSN photos)

By Josephine Fiamingo

NEW YORK — Brick Church, the 22-unit consumer electronics retailer, is attacking the metropolitan New York market via a lease agreement with TSS-Seedman's that should produce between $30 million and $35 million in sales in the first year.

The Orange, N.J.-based CE retailer will open 4,000-square-foot Brick Church departments in each of TSS's 12 New York metro area department stores in May.

The lease agreement became effective on March 1.

The agreement conforms with previously-stated plans of TSS-Seedman's new management team, headed by Julius Kasinitz, chairman, president and chief executive officer since November, to invigorate the stores and increase traffic by turning them into mini-malls.

Kasinitz told *DSN* that he plans to reduce the size of the 12 New York area TSS-Seedman's stores from between

(Continued on page 82)

One-Price Apparel Stores Carve Niche Below Off-Price Chains

By Kenneth M. Chanko
Nationwide DSN Report

As the upscaling of the off-price apparel segment continues, a new and growing business segment has emerged to fill the deep discount void—the "one-price" apparel chain.

Selling women's apparel and accessories for $6, $7 or $9.99, depending on the chain, these retailers are catering to a customer that 10 years ago might have shopped a T.J. Maxx or a ClothesTime.

But as the large off-price chains sought the better business at better margins, a niche was created for the one-price, or ceiling-price, apparel store.

There are currently at least eight, one-price apparel chains in operation throughout the country; all have been founded since 1980 and the majority have been started over just the past four years.

They all cater to middle- and lower-income women, with most of them carrying women's separates and accessories. Many of the chains offer recognizable brand names, while others carry second-tier brands.

There has also been substantial growth in the one-price variety and shoe store.

"It's a dynamic concept," said Fred Wintzer, vice president and retail analyst at Baltimore-based Alex Brown & Sons. "Everything in the store for $6, in the case of One Price Clothing Stores. These guys are the true closeout retailers. It's a pretty good niche to be in these days. They're way below Marshalls, Ross and Maxx. They remain simple and get great turns."

(Continued on page 32)

Leading One-Price/Ceiling-Price Apparel Stores

Chain	Number of Units, Location	Average Store Size (Sq. Ft.)	Number of Units by Year-End
Allison's Place (Los Angeles, Calif.)	222 owned, 85 franchised; nationwide, Guam, Virgin Islands	2,000	262 owned
Dre$$ to the Nine$ (North Lauderdale, Fla.)	1 in North Lauderdale	4,500	NA
Fashions $9.99 (Santa Rosa, Calif.)	13 in Calif.	2,400	18
$5 Clothing Store (Los Angeles, Calif.)	45 in Calif., Nev.	3,000	65
One Price Clothing Store (Duncan, S.C.)	101 in 6 Southeastern states	3,000	150
Susie's Deals (City of Industry, Calif.)	48 in Calif., Nev.	3,300	70
$13.99 Ltd. (Warwick, R.I.)	1 in Warwick, R.I.	1,000	1
Your $10 Store (Redmond, Ore.)	30 in Oregon	600	50

NA—not available

Source: DSN research

Reclaiming Domestics Profits

Gold Circle Upscales Its Home View

By Peter Hisey

WORTHINGTON, Ohio — Gold Circle, the 76-store chain based here, has expanded its upscale soft goods strategy with a new domestics program called Home Views.

The program, unveiled chainwide on March 6, consists of a fully coordinated, everyday low price presentation of towels, sheets, comforter sets, shower curtains, rugs and accessories made up of market-exclusive products from major home fashions manufacturers.

"We hope this enhances the profitability of our domestics department," said Steve Fishman, Gold Circle's senior vice president, general merchandise manager, home store.

Fishman said that the program is an addition "to our successful Color Concepts program" and will help differentiate the retailer from its competitors and give fashion and trend conscious customers an option to department store prices. "Why should people be left out of a trend just because of their economic situation?" asked Fishman prior to the program's debut.

"Department stores have abandoned the middle ground from a pricing standpoint in domestics, and we can pick up those customers."

Home Views' main purpose is to put some profit back into the domestics category.

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Richway store in Atlanta prepared shoppers for the unveiling of new, market-exclusive Home Views merchandise. (DSN photo)

Ward Realigns Staff, Seeking Grocery Tie

By Laura Liebeck

CHICAGO — Montgomery Ward last month realigned its field and merchandising operations, reduced the number of territory headquarters from six to four and cut the corporate staff by 3 percent.

The 316-unit general merchandise/specialty retailer also is looking to join forces with a supermarket operator.

But a decision on whether Mobil Oil, Ward's parent, still wants to sell the operation, remains unanswered.

A company spokesman told *DSN* that no decision has been made about the sale of Montgomery Ward by Mobil Oil. But Mobil chairman Allen E. Murray has made statements recently that indicate he may not sell the Chicago-based retailing chain that posted a net earnings gain last year of 23 percent, to $130 million.

Ward recorded $4.6 billion in sales in 1987, up 6 percent from the previous year.

In the Feb. 22 issue of the *Chicago Tribune*, Murray said, "We're very happy with Ward right now, and we would be happy with it in the future."

Currently Bernard Brennan, Montgomery Ward's president and chief executive officer, is looking for a supermarket company to operate food sections in Ward stores. The arrangement would be similar to the one it struck with Toys "R" Us about 18 months ago.

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APPAREL

New, Growing One-Price Apparel Chains Fill Discount Void

(Continued from page 3)

This business depends on strong vendor relationships and the ability to get quality merchandise at $3 to $3.50 tops. Most retailers in this business do not buy irregulars or seconds. They pick up cancellations, closeouts or overruns in season or buy up end-of-season merchandise from manufacturers. As Morrie Dym, owner and president of Los Angeles-based $5 Clothing Store, which has been around since 1981, said, "There's always been goods around to buy" at low prices.

Dym, who recently had to up his top price to $6 (though he doesn't plan to change the store name), said that 10 years ago chains like Ross and ClothesTime knocked the single-unit mom-and-pop discount apparel stores out of business. He added that as the chains grew, more pressure was put on margins, and merchandise began selling at price points closer to specialty stores than deep discounters.

City of Industry, Calif.-based Susie's Deals sells juniors-oriented sportswear at one price—$9.99. The chain has seen sales jump 40 percent annually for the past two years. (DSN photo)

Dym's $5 Clothing Store currently operates 45 units and targets the middle-income, 14-to-35-year-old female customer. Unlike other retailers in this business, Dym said he carries recognizable brand names on a regular basis. He said he buys from over 1,000 vendors a year.

While the majority of these chains, including $5 Clothing Store, are still private, the two largest, Allison's Place, in Los Angeles, and Duncan, S.C.-based One Price Clothing Stores, have gone public.

Allison's Place, the granddaddy of the one-pricers, having been founded in 1980, started showing sluggish growth in late 1986, the year the retailer went public. So chairman and chief executive Marvin Schenker brought former ClothesTime executive Joel Doti on board last year as president to sharpen the chain's operations.

Doti said that last year's third quarter remained "tough," but fourth quarter "sales were positive."

Doti said that the one-price apparel business is very viable today. "The customer with fewer consumer dollars is a more conservative consumer who is looking for value. Many discounters have abandoned this customer."

Allison's Place, which also has franchise stores, isn't a true one-pricer in that while 80 percent of inventory is at the $7 price or less, it does carry merchandise at $9, $10 and $12 as well.

Doti said the store has a markdown program that begins after merchandise has been in-store for 12 to 15 weeks.

Echoing other executives in this business, Doti said the key is having a strong rapport with manufacturers as well as having a sophisticated buying and distribution system that enables the company to get the right goods to the right stores within weeks of a buyer's purchase.

One of the fastest growing and best performing chains in this market is One Price Clothing Stores.

Raymond Waters, vice president, treasurer and one of the founders, said, "We often have the same or similar item for $6 that T.J. Maxx is selling for $15 or $18 or $22."

One Price, which went public last year, posted impressive 1987 numbers: a 36 percent rise in earnings, with sales up 65 percent.

One, Two, Three Items for $6

One Price sells everything in the store for $6. "We don't have to do many markdowns—inventory turnover is 10 or more times a year—but when we do we sell two items for $6," said Waters. "If it still doesn't move, we go three items for $6. If it still doesn't move, we give it to charity."

Waters said the company put in a new point-of-sale processing system and went onstream with it last month. "We try to stay ahead of the business. The worst thing you can have is uncontrolled growth," said Waters.

One Price opened its 101st store March 10, according to Waters, and he said that plans call for 150 units by year-end. The retailer will also be entering its sixth state, Kentucky, before year-end, he said.

Waters also said that One Price recently added 144,000 square feet to its 43,000 square feet of office and distribution space in Duncan, S.C.

One of the newest operations is the one-unit $13.99 Ltd., in Warwick, R.I.

Owner Lew Fazzi opened the 1,000-square-foot store last year and already, he said, he's seen two $8 stores open over the past several months.

Fazzi offers everything in the store for $13.99 or less, and he said he carries such labels as Palmettos, Gloria Vanderbilt, Lee and Forenza.

He said he has no current plans to expand in 1988.

Growth has also been substantial at Susie's Deals, based in City of Industry, Calif., with sales having jumped 40 percent annually for the past two years.

Carrying such brands as Gitano, Tomboy and Sergio Valente, Susie's Deals sells everything for $9.99, targeted to the fashion-conscious junior customer.

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